

Section 5: Financing Preschool for All

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Introduction

There are both long-term and short-term approaches to financing Preschool for All.

The best **long-term strategy** is clearly to secure a stable revenue source and an investment in preschool equivalent to that in kindergarten. Based on the cost estimate in the sample county in Section 4, annual kindergarten rates or charter school rates (\$4560-\$4821/year) appear to be in the range necessary to finance the direct costs of operating a preschool program. Additional resources would be needed, however, to provide for the infrastructure costs: construction and renovation of facilities, workforce development, and technical assistance and monitoring.

The **short-term approach** to phasing in Preschool for All can best be summed up as “creative financing”. As indicated in Tables 1-2 and 1-3, a number of First 5 commissions and school districts in California are already employing this approach. It is important to stress that in no case has a school district or county pieced together sufficient funds to finance preschool for *all* four-year-olds. However, several localities have made preschool free and accessible to most four-year-olds within specific school neighborhoods. It is worth the effort to understand their financing strategies even in the event of a statewide investment in Preschool for All. As discussed in Section 4, the costs of implementing preschool are likely to vary across the state and, hence, there may always be a need for “creative financing” to supplement state investments even when Preschool for All becomes a statewide reality.

This section will therefore focus on the short-term strategies localities are using to finance substantial expansion of, if not universal access to, preschool. The section includes two case studies, lessons learned, and links to a compendium of funding sources for early care and education that was previously developed for First 5 California.

Local Case Studies

Elk Grove Unified School District

Elk Grove Unified School District provides free preschool services to 710 students, including 73% of children entering kindergarten in three First 5 School Readiness-targeted school neighborhoods and 51 percent of children in seven Title I schools (See Table 1-2 and Figure 5-1). Pre-Kindergarten classes are staffed with one teacher and one instructional assistant. All Pre-Kindergarten teachers have college degrees and backgrounds in child development. Newly hired teachers are required to possess a multiple subject teaching credential. In addition, all Pre-Kindergarten instructional assistants have at least six units of early childhood education courses. Newly hired assistants are required to have 48 college units or an Associate’s degree.

How does Elk Grove do it?

Elk Grove uses a combination of multiple funding sources and measures to maximize the efficiency of the program. The total expenditure for the Pre-Kindergarten program in Elk Grove

is \$3,396,390 (not counting an additional 10 percent in in-kind contributions), or approximately \$4,783 per child, about \$1,600 more than the existing State Preschool Program expenditure per child.

Multiple Revenue Sources

Table 5-2 shows the various sources of revenue for the program. The largest single source of funds is Head Start, the second largest is Title I, followed by First 5 Sacramento and First 5 School Readiness Initiative funds. The State Preschool Program is actually the smallest source of revenue for the program. The following shows how the funding sources are used:

- Elk Grove finances teacher salaries equivalent to that of kindergarten teachers primarily with Head Start, Title I, and local First 5 funds. Full-time teachers frequently teach one class funded by Head Start and another financed by Title I or First 5.
- Head Start, Title I, and First 5 funds also help finance social workers, parent leaders, a speech therapist, and health/nutrition coordinators) to provide comprehensive services for children who need them.
- Elk Grove uses local Title I and First 5 funds to finance preschool for children who are above the income eligibility requirements for Head Start. The Elk Grove Unified School District devotes 1/6 of its federal Title I funds to preschool services. While the children (except those with special needs) assigned to Head Start preschool classes must meet the federal poverty guidelines, the children in the Title 1 classes do not have to meet any specific income eligibility requirements. This is because eligibility for Title I funds is determined based on the status of the school as a whole, not the income of any one family.
- Elk Grove uses some First 5 School Readiness funds to finance a speech therapist and a teacher for a full inclusion class.
- Occupancy costs for the preschool program are largely provided in-kind by the school district. However, local First 5 funds have been used to purchase one re-locatable building for the program.

Efficiency Measures

The Elk Grove Unified School District also takes steps to minimize the cost of the preschool program:

- All full-time teachers teach two sessions.
- Except for those preschool classes supported with State Preschool funds, classes take place less than 612.5 hours per year: Head Start operates 3.5 hours per day, 4 days per week; Title I operates 3 hours/3days per week, etc.
- Elk Grove maximizes use of existing space by offering a Twilight Program as well as morning and afternoon sessions.



Kidango

Kidango administers part-day, full-year preschool as well as full-day, full-year programs for the New Haven Unified School District in Alameda County, and has just begun administering child development programs for the Alum Rock School District in Santa Clara County. The New Haven Unified program in Union City serves 550 children, and the Alum Rock program will serve 750 children when at full capacity. The Union City program is accessible to families of all income groups.

Each preschool class administered by Kidango includes a lead teacher (most with a bachelor's degree), a teacher, and a teacher aide (frequently a parent or volunteer). All preschool facilities in Union City in the New Haven Unified School District are either accredited by the National Association for the Education of Young Children or are in the process of applying for accreditation. All classes score at least 5 on the Early Childhood Environment Rating Scale, and some score as high as 6.8 out of 7. In addition, Kidango uses the Head Start Prism system to ensure program quality.

Multiple Revenue Sources:

- Kidango uses multiple state and federal funding sources (State Preschool, Head Start, and General Child Care and Development) to finance direct operating costs for the 62% of children enrolled who meet the current income eligibility guidelines for these programs.
- Revenue for facilities has come from a variety of sources -- Repair and Renovation grants from the Department of Education, Community Block Development Block Grant funds from the cities of Hayward and Union City, Alameda First 5 funds for playgrounds, and more than \$200,000 in private donations.
- The New Haven Unified School District by providing many in-kind contributions, such as reduced occupancy costs and janitorial services.
- Kidango makes services available to families above the income eligibility ceiling by charging fees at the full State Preschool Rate -- \$17.96 per day.

Efficiency Measures:

Kidango operates part-day programs on a double session.

- Kidango recruits parents and other volunteers to serve as teacher aides in many classrooms. Parents must volunteer six hours a month in order for their children to be in the preschool program, although the volunteer hours can be donated outside of class time.
- Kidango's executive director, Paul Miller, notes that, because of the downturn in the economy, the program has been able to attract and retain qualified teachers at lower salaries than those paid to elementary school teachers. However, Miller believes this is a



temporary situation and supports the goal of compensation comparable to that for kindergarten teachers as a key strategy of retaining teachers with Bachelor's degrees.

Redwood City School District

The Redwood City School District primarily finances its preschool program with State Preschool funds and in-kind school contributions from the school covering space, janitorial, utilities, etc. In addition, the district program has a fulltime Mental Health worker funded by First 5 San Mateo, and home visiting services funded by the First 5 School Readiness Initiative.

Preschool sites are accredited by the National Association for the Education of Young Children. Although this program is not yet able to provide salaries equivalent to those of kindergarten teachers, its teacher salaries and benefits exceed those of most private early care and education programs in the area. The following efficiency measures help make it possible for the district to pay competitive salaries and benefits:

- The program operates double session: Each teacher has a 3-hour class in the morning, and a 3-hour class in the afternoon.
- A master teacher serves as both the site supervisor and a full-time teacher, thereby reducing administrative costs. For supervisory responsibilities, the master teacher receives a 20 percent bonus.
- Laura Keeley, the district preschool coordinator, oversees not only the State Preschool Program but also the General Child Care and Development Program and the School-Age Program. Thus, administrative costs are again minimized because the lead administrator oversees programs serving 519 children.

Lessons Learned

The school districts and other local entities making the most progress in expanding access to preschool beyond the current State Preschool income eligibility requirements and in providing salaries equivalent to those for kindergarten teachers use multiple funding sources, such as Head Start, Title I, local First 5, state First 5 School Readiness, as well as State Preschool. In addition, the programs are using various measures to maximize their efficiency.

The lessons learned may be summarized as follows:

Partner with Head Start

As illustrated in the Elk Grove and Kidango case studies above as well as in Tables 1-2 and 1-3, Head Start is a major funding partner with many school districts and First 5 commissions making significant progress in expanding preschool. Head Start funds play a major role in financing preschool in Merced City School District and San Diego Unified. Head Start also plays a critical



role in the preschool expansion activities for local First 5 commissions in Alpine, Calaveras, Mendocino, Placer, Sonoma, and Ventura.

It is important to note that the school district or other entity using Head Start to expand preschool services does not have to be a Head Start grantee. For example, the Elk Grove Unified School District is a Head Start delegate agency, not the grantee. Similarly, in an effort to coordinate the investment of First 5 school readiness funds with Head Start, the First 5 commission in Orange County has placed a school readiness coordinator in the office of the local Head Start grantee.

Work to Obtain a Portion of Title I Funds

School district allocation of federal Title I funds to help finance preschool expansion, as in Elk Grove, Merced, and Santa Ana in Orange County (See Table 1-3), is a key mechanism because it is a flexible funding source – there are no income guidelines limiting which children can participate, so long as they attend the Title I-designated school. In short, unlike State Preschool and Head Start funds, Title I can be used to finance preschool for *all* – or at least all in the school neighborhood.

It must be said that school district allocation of Title I funds to preschool is so far the exception, not the rule. According to Arthur Reynolds' study of the Chicago Parent-Child Centers, only 2% of Title I funds nationwide are used for pre-kindergarten programs. At a time when school districts are suffering in general from budget shortfalls, it may be more difficult to persuade school districts to allocate Title I funds to preschool. Yet, some school boards and school superintendents appear to have decided that investment in preschool is a highly cost-effective use of federal Title I funds, which were, after all, designed to help compensate for educational disadvantage. By investing Title I in the preschool years, these districts hope to reduce more costly expenditures for compensatory education later on.

Apply for State Preschool and General Child Care and Development Funds When Available

California's State Preschool Program, established more than 60 years ago, remains a major source of preschool funding (\$310 million for the 2002-2003 fiscal year), serving 141,452 children. California's General Child Care and Development Program, which must meet the same standards as the State Preschool Program, is the state's largest contracted full-day early care and education program, serving 126,448 children per year. Although both programs have suffered in recent years from not receiving Cost of Living Adjustments, some localities are managing to offer quality programs even at the existing state reimbursement levels by supplementing these dollars with other funds or in-kind contributions.

By hiring school readiness coordinators in all 26 school districts a year before the School Readiness Initiative, all school districts in Orange County eligible for First 5 School Readiness funds applied for the maximum available State Preschool Program dollars available. Similarly, Merced City School District (MCSD) not only applied for the maximum dollars available to the district, but also for additional dollars that other districts had not claimed.

Use Local First 5, and District School Bonds to Purchase Facilities

Local First 5 funds are especially useful in financing facilities, such as the purchase of re-locatable buildings. While use of state First 5 funds is not allowed for purchase of facilities, there are no such restrictions on the use of the local First 5 funds. Use of these dollars, a declining revenue source, for purchase of facilities also makes sense because it is a one-time expenditure.

Local First 5 funds have been instrumental in the purchase of facilities in Elk Grove, Merced, Riverside, San Benito, and Tulare (See Table 1-3). With funds from First 5 and the California Department of Education's Child Care Facilities Revolving Fund, the Merced City School District will have a preschool at 11 of its 12 elementary schools by June 2004. In Riverside, local commission funds have been used to finance five model preschool facilities as well as, in partnership with the school district, to establish a Preschool Academy (Rob Reiner Children and Families Development Center), which includes an infant-toddler program, autistic pilot program, home visitor and family intake, and a clinic, as well as a preschool facility serving 260 children. In San Benito County, the school district contributed the land for a preschool program, and the local commission is providing \$350,000 to purchase a re-locatable building.

District bonds are a major source of funds for preschool facilities in a few counties. For example, in Santa Clara County, a San Jose Unified School District bond includes \$9 million to develop or renovate preschool facilities. In Los Angeles County, a Los Angeles Unified School District bond includes \$80 million for preschool facilities.

Explore Use of Migrant Child Care, CBET, and ESL

In addition to the major state and federal funding sources being used to finance preschool expansion, some counties are making good use of more specialized funding sources. In San Benito County, the local First 5 commission is using Migrant Child Care and Development funds to help finance the operation of a new preschool program. Using these funds, there is no income eligibility requirement; however, the family must have moved within the last 3 years or work in the agricultural industry.

Building on Community-Based English Tutoring (CBET) and English as a Second Language (ESL) programs, First 5 Contra Costa is supporting a parent cooperative approach to expanding preschool services in school settings. Children are in preschool 4 days a week, while parents are in ESL classes or assist in the classroom. Similarly, the Children and Families Commission of Orange County has used CBET funds to purchase re-locatable buildings for preschool.

Use First 5 School Readiness Funds as the "Glue" and for Special Populations

Local First 5 commissions are using First 5 School Readiness funds to provide the "glue" for preschool expansion. For example, Elk Grove uses some of the School Readiness funds to finance a school readiness coordinator and much of the rest to support a full inclusion preschool program serving both children with special needs and typically developing children.

Similarly, the Merced County Children and Families Commission's investment in school readiness has been used to help leverage more than \$5 million in additional state and federal funds, including federal Early Reading First and Even Start grants.

Pursue In-Kind Contributions from School District

"In-Kind" funding is the least discussed, least understood source of funds for preschool. But it is worth noting that in all three of the programs featured in case studies above, school district in-kind contributions play an important role. In Elk Grove, the school district contributes 10% above the rest of the budget in the form of in-kind contributions. In both the New Haven Unified School District program operated by Kidango, a private non-profit agency, and the Redwood School District, it would be difficult for the programs to survive without the in-kind contributions.

Conduct Two Sessions

If preschool is to be operated at a cost equivalent to that of kindergarten or charter kindergarten, providing two part-day sessions appears to be essential. The reason is obvious: A pre-kindergarten class, unlike a kindergarten class, requires a second teacher in order to meet the staff-child ratio of 1:10, the standard required for accreditation by the National Association for the Education of Young Children as well as for participation in the Head Start program. Thus, if the lead teacher in each pre-kindergarten class is going to have qualifications and compensation comparable to that of a kindergarten teacher, the teacher must teach two part-day classes in order to make possible the additional teacher or instructional aide.

Figure 5-1. Elk Grove Unified School District Learning Support Services (Pre-Kindergarten Program)

Overview

The Elk Grove Unified School District (EGUSD) operates Pre-Kindergarten programs at seven elementary campuses. The program serves 710 students through the following sources of funding:

- Head Start – 260 students/13 teachers (13 classes operate 3.5 hours/4 days per week)
- Title I – 230 students/12 teachers (12 classes operate 3 hours/3 days per week)
- First 5 Sacramento – 120 students/6 teachers (4 classes operate 3.5 hours/4 days per week & 2 classes operate 3 hours/3 days per week)
- First 5 California (School Readiness Initiative) – 60 students/2 teachers (3 classes operate 2.5 hours/2 days per week & 1 class operates 2.5 hours/3 days per week)
- State Preschool – 40 students/2 teachers (2 classes operate 3 hours/5 days per week)

EGUSD has the funded capacity for 23 teachers (14 full-time and 9 part-time) to teach 37 classes. Elk Grove currently has 22 teachers on staff for 36 classes. Twelve full-time teachers teach two classes each (24 classes) and eight part-time teachers (0.6 FTE or 0.4 FTE) teach one class. The two full-time preschool staff funded through School Readiness team teach four classes.

Pre-Kindergarten Teaching Staff		
	Number of Pre-K Teachers	Number of Classes Taught per Teacher
	12 - 1.0 FTE	2
	7 - .6 FTE 1 - .4 FTE	1
	2 – 1.0 FTE (School Readiness)	4 (Teaching Team)
Grand Total:	22	--
		36

Pre-Kindergarten classes are staffed with one teacher and one instructional assistant. All Pre-K teachers have college degrees and child development backgrounds. They are paid on the same salary schedule as EGUSD K-12 teachers. Beginning in 2002, new teachers are required to possess a multiple subject teaching credential. In addition, all Pre-K instructional assistants have at least six units of early childhood education courses. New hires are required to have 48 college units or an AA degree.

Table 5-2. Elk Grove Unified School District Learning Support Services (Preschool)

	# Of Positions	Head Start	# Of Positions	Title 1	# Of Positions	State	# Of Positions	Prop 10	# Of Positions	School Readiness
Teachers@0.6FTE-4.5hrs/day	13	402,934			2	52,621	4	122,255		
Teachers@0.4FTE-3hrs/day			12	237,193			2	50,220		
LeadTeacher@0.6FTE-4.5hrs/day	1	46,020								
Teacher-FullInclusion@1FTE-7.5hrs/day									1	63,764
SpeechTherapist@1FTE-7.5hrs/day									1	59,365
ResourceTeacher@0.7FTE-5.25hrs/day	1	53,690								
ResourceTeacher@0.3FTE-2.25hrs/day			1	23,167						
Teachers-Subs (timesheet)		28,642		5,000		1,500		8,653		
I.A. @0.5375FTE-4.3hrs/day					2	26,505				
I.A. @0.5625FTE-4.5hrs/day	6	71,569					4	39,443	1	13,532
I.A. @0.5938FTE-4.75hrs/day	7	85,067								
I.A. @0.4375FTE-3.5hrs/day			12	105,869			2	15,469		
I.A.-Subs (timesheet)		8,000		1,440		1,000		5,408		
ProgramCoord. @0.5FTE-4hrs/day	1	45,347								
ProgramCoord. @0.4FTE-3.2hrs/day			1	36,277						
ProgramCoord. @0.1FTE-0.8hrs/day							1	9,069		
ProgramAdmin. @0.22FTE-1.76hrs/day	1	16,460	1	16,460						
ProgramAdmin. @0.56FTE-4.48hrs/day									1	43,366
ProgramSpecialist@0.6FTE-4.5hrs/day	1	49,415								
ProgramSpecialist@0.3FTE-2.4hrs/day			1	24,708						
ProgramSpecialist@0.1FTE-0.8hrs/day							1	8,236		
ParentLeader@0.25FTE-2hrs/day	1	6,499								
ParentLeader/Fam.Adv. @0.75FTE-6hrs/day	2	35,456					1	21,720	1	17,728
ParentLeader@0.625FTE-5hrs/day	1	14,774								
ParentLeader@0.5FTE-4hrs/day			1	10,763						
ParentLeader/Fam.Adv. @1FTE-8hrs/day									1	23,637
SocialWorker@0.7FTE-5.25hrs/day	1	45,062								

SocialWorker@0.3FTE-2.25hrs/day		1	18,498			
HealthNutrition@0.6FTE-4.8hrs/day	1	31,209				
HealthNutrition@0.3FTE-2.4hrs/day		1	16,282			
HealthNutrition@0.1FTE-0.8hrs/day				1	6,331	
ProgramEducator@0.5FTE-4hrs/day		1	19,994			
Clerk@1FTE-8hrs/day	1	29,969				
Clerk@0.5FTE-4hrs/day		5	88,214			1 19,883
Extra Clerical (timesheet)		4,000				
FiscalTechnician@0.5FTE-4hrs/day		1	20,849			
FiscalTechnician@0.5FTE-4hrs/day				1	20,848	
StaffSecretary@1FTE-8hrs/day	1	35,259				
BusAttendant@0.5FTE-4hrs/day	4	42,368				
Yard Duty (timesheet)		5,000				
Benefits		314,750	212,403	27,806	101,474	64,412
Supplies		52,014	40,000	7,545	53,441	9,000
Space		19,600				
Indirect		81,680	49,645	6,621	26,181	17,811
Total	43	<u>\$1,524,784</u>	38 <u>\$926,762</u>	4 <u>\$123,598</u>	16 <u>\$488,748</u>	7 <u>\$332,498</u>

Personnel	1,056,740	624,714	81,626	307,652	241,275
Benefits	314,750	212,403	27,806	101,474	64,412
Other	71,614	40,000	7,545	53,441	9,000
Indirect	<u>81,680</u>	<u>49,645</u>	<u>6,621</u>	<u>26,181</u>	<u>17,811</u>
	<u>1,524,784</u>	<u>926,762</u>	<u>123,598</u>	<u>488,748</u>	<u>332,498</u>

Table 5-3. Elk Grove Unified School District In-Kind

Description	In-Kind Amount Per Year (\$)
Space - Florin Elementary - 725 sq. ft. @0.66 per sq. ft. = \$479/month	5,748
Space - Prairie Elementary - 1859 sq. ft. @0.66 per sq. ft. = \$1,227/month	14,724
Space - F. Markofer Elementary - 1859 sq. ft. @0.66 per sq. ft. = \$1,227/month	14,724
Full Inclusion Teachers - Prairie/Markofer	33,821
Full Inclusion Para-Educators - Prairie/Markofer	35,133
Full Inclusion Program Specialists - Prairie/Markofer	10,000
Full Inclusion School Nurses - Prairie/Markofer	10,656
Full Inclusion Speech Therapists - Prairie/Markofer	13,884
Full Inclusion Vision Therapists - Prairie/Markofer	10,128
Budget Technician II @ 0.2 FTE	14,148
Director @ 0.1 FTE	13,368
5 Twilight Coordinators @ 0.2 FTE each	89,029
6 Site Administrators @ 0.05 FTE each	38,778
Early Intervention 1,059 hrs @\$51.88/hr	54,941
TOTAL	<u>359,082</u>